

Endumeni Municipality



Financial Statements 2012/2013

Annual Financial Statements

for

Endumeni Municipality

for the year ended 30 June: **2013**

Province: **KwaZulu Natal**

AFS rounding: **R (i.e. only cents)**

Contact Information:

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Endumeni Municipality
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General information

Members of the Council

Cllr TM Mahaye
Cllr TB Mkize
Cllr SB Mdluli
Cllr AM Raubenheimer
Cllr EM Adam
Cllr Ms WN Mbatha
Cllr JA Mfeka
Cllr NS Ntuli
Cllr MH Zwane
Cllr HSB Ngobese
Cllr Ms TI Makaba
Cllr SW Dhlamini

Mayor
Deputy Mayor
Speaker
Member of the Executive Committee
Member
Member
Member
Member
Member
Member
Member
Member

Acting Municipal Manager

Adv.R Brijraj

Acting Chief Financial Officer

Mr G Esterhuizen

Grading of Local Authority

3

Auditors

Auditor-General

Bankers

FNB Bank

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General information (continued)

Registered Office: Endumeni Municipality

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64 Victoria Street
Civic Centre
Dundee
3000

Postal address:
Private Bag X2024
Dundee
3000

Telephone number:
0342122121

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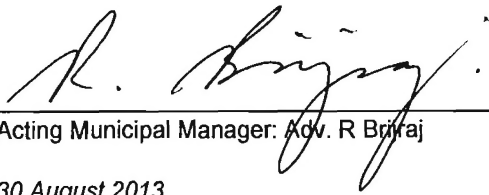
E-mail address:
caroline@endumeni.gov.za

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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Acting Municipal Manager: Adv. R Briraj

30 August 2013

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Endumeni Municipality
Statement of Financial Position
as at 30 June 2013

	Note	2013	2012
		R	Restated R
ASSETS			
Current assets		60,415,809	67,150,846
Inventories	2	3,065,522	3,121,731
Bank balances and cash	3	2,043,833	952,457
Current portion of non-current receivables	4	57,670	81,702
Trade and other receivables from exchange transactions	5	5,890,949	7,041,203
Trade and other receivables from non-exchange transactions	6	9,319,670	10,167,743
Current investments	7	40,030,965	45,778,810
Other current financial assets	8	7,200	7,200
Non-current assets		183,559,884	168,965,780
Non-current receivables from exchange transactions	4	478,433	476,072
Property, plant and equipment	9	171,159,999	156,509,804
Intangible assets	10	49,452	107,904
Investment property	11	11,872,000	11,872,000
Total assets		243,975,693	236,116,626
LIABILITIES			
Current liabilities		39,934,270	44,099,932
Trade and other payables from exchange transactions	12	25,744,838	28,446,408
Consumer deposits	13	3,259,018	2,907,322
VAT payable	14	2,352,464	1,984,718
Current portion of unspent conditional grants and receipts	16	6,325,749	8,678,088
Current portion of long-term borrowings	17	2,252,200	2,083,396
Non-current liabilities		59,935,223	54,899,569
Non-current borrowings	17	8,980,653	10,781,360
Non-current provisions	15	6,330,612	4,618,740
Defined benefit plan obligations	45	44,623,957	39,499,469
NET ASSETS		144,106,201	137,117,125
Housing Development Fund	18	3,937,726	3,804,975
Other Reserves	19	311,551	758,517
Accumulated surplus / (deficit)		139,856,924	132,553,633
Total net assets		144,106,201	137,117,125

Endumeni Municipality
Statement of Financial Performance
for the year ending 30 June 2013

	Note	2013	2012
			Restated
		R	R
REVENUE			
Revenue from exchange transactions		104,575,595	94,243,013
Service charges	21	95,756,467	84,359,463
Rental of facilities and equipment	22	1,286,912	1,175,675
Interest earned - external investments	23	1,957,691	1,956,359
Interest earned - outstanding receivables	24	3,187	5,304
Licences and permits		4,288,003	4,087,226
Other income from exchange transactions	26	1,283,335	2,658,986
Revenue from non-exchange transactions		110,945,261	92,560,539
Property rates	20	45,454,388	45,038,188
Property rates - penalties and collection charges		6,190,913	5,646,900
Fines		487,040	289,343
Government grants and subsidies	25	58,812,920	41,586,108
Total revenue		215,520,856	186,803,552
EXPENSES			
Employee related costs	27	66,822,733	61,066,740
Remuneration of councillors	28	2,927,575	2,711,076
Adjustment to bad debts provision		9,013,383	1,237,360
Adjustment to landfill site provision		1,711,872	381,364
Collection costs		2,512,466	2,364,286
Depreciation and amortisation expense	29	9,176,157	7,842,158
Amortisation		58,452	281,609
Repairs and maintenance		5,593,446	5,970,765
Finance costs	30	1,448,618	2,037,962
Bulk purchases	31	62,805,704	54,850,643
Contracted services	32	2,062,642	1,998,545
General expenses	33	38,886,845	33,550,618
Retirement and long services benefits	45	5,124,488	4,528,002
Total expenses		208,144,380	178,821,128
Gain / (loss) on sale of assets	34	-	(1,227,737)
(Impairment loss) / Reversal of impairment loss	35	-	(568,427)
Gain / (loss) on fair value adjustment	36	-	9,149
Inventories: (Impairment loss)/ Reversal of impairment loss	35	(73,186)	(25,686)
Surplus / (deficit) for the period		7,303,290	6,169,723

Endumeni Municipality
Statement of Changes in Net Assets
as at 30 June 2013

	Housing Operating Account R	Insurance Reserve R	Accumulated Surplus/(Deficit) R	Total: Net Assets R
Opening balance as previously reported 2011	3,672,323	1,025,573	137,692,769	142,390,665
Correction of prior period error: Vat Claims			6,026,399	6,026,399
Correction of prior period error: Reassessment of serv charges			-3,767,946	-3,767,946
Change in accounting policy retirement benefits			-7,470,876	-7,470,876
Restated balance as at 01 July 2011	3,672,323	1,025,573	132,480,346	137,178,242
Surplus for the year - restated in note 42			6,169,723	6,169,723
Transactions for the year	132,652	-267,056	-134,404	-134,404
Recognition of retirement benefits			-3,735,000	-3,735,000
Change in accounting policy retirement benefits			3,735,000	3,735,000
Final entries for transfer of water and sanitation to Umzinyathi District Municipality			-6,096,435	-6,096,435
Effect of rounding in the financial statements			-1	-1
Restated Balance as at 01 July 2012	3,804,975	758,517	132,553,633	137,117,125
Surplus / (deficit) on revaluation of property of property, plant and equipment			-	-
Transactions for the year	132,751	-446,966	7,303,290	-314,215
Surplus / (deficit) for the period			1	7,303,290
Effect of rounding in the financial statements			1	1
Balance at 30 June 2013	3,937,726	311,551	139,856,924	144,106,201

Endumeni Municipality
Cash Flow Statements
as at 30 June 2013

	Note	2013 R	2012 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		263,003,111	185,883,215
Sales of goods and services		206,542,531	144,297,107
Grants		56,460,580	41,586,108
Payments		243,089,343	146,927,243
Employee costs		67,087,356	61,066,740
Suppliers		176,001,987	85,860,503
Cash generated from operations	37	19,913,768	38,955,972
Interest received		1,960,878	1,961,663
Interest paid		-1,448,618	-2,037,962
Net cash flows from operating activities		20,426,028	38,879,673
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		-23,826,352	-16,417,415
Proceeds from sale of fixed assets		-	
Proceeds from sale of investments		-	
Purchase of intangibles		-	
Decrease/(Increase) in Loans and receivables Movement		24,061	9,320
Net cash flows from investing activities		-23,802,291	-16,408,095
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	
Repayment of borrowings		-1,631,903	-868,660
Impairment on property, plant, and equipment		-	
Decrease/(Increase) in Consumer deposits		351,696	478,480
Net cash flows from financing activities		-1,280,206	-390,180
Net increase / (decrease) in cash and cash equivalents		-4,656,469	22,081,398
Net cash and cash equivalents at beginning of period		46,731,267	24,649,869
Net cash and cash equivalents at end of period	38	42,074,798	46,731,267

Endumeni Municipality
Statement of Comparison of Budget and Actual Information
as at 30 June 2013

	Original Budget	Budget Adjustments (i.e. s28 and s31 of the MFMA)	Final adjustments budget	Virement (i.e. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
														2,012
Financial Performance														2,013
Property rates	47,949,788	-	47,949,788		47,949,788	46,494,046		-1,455,742	97	97				50,665,088
Service charges	98,950,152	-	98,950,152		98,950,152	95,756,467		-3,193,685	97	97				84,359,463
Investment revenue	1,800,000	-	1,800,000		1,800,000	1,957,691		157,691	109	109				1,961,663
Transfers recognised - operational	43,412,000	444,000	43,856,000		43,856,000	46,378,920		2,522,920	106	107				31,335,108
Other own revenue	6,868,239	-	6,868,239		6,868,239	7,348,477		480,238	107	107				8,220,379
Total Revenue (excluding capital transfers and contributions)	198,980,179	444,000	199,424,179		199,424,179	197,935,600			99	99				176,561,702
Employee costs	77,303,075	181,405	77,484,480	10,100	77,494,580	71,947,221	-5,547,359	-1,488,579	93	93	-5,885,927	-5,885,927	-	61,066,807
Remuneration of councillors	2,901,164	-	2,901,164	-	2,901,164	2,927,575	26,411	26,411	101	101	-78,083	-78,083	-	2,711,076
Debt impairment	800,000	-	1,360,000	-	1,360,000	9,013,383	7,653,383	7,653,383	93	143	437,360	437,360	-	1,237,360
Depreciation & asset impairment	6,450,000	3,448,000	9,898,000	-	9,898,000	9,234,609	-663,391	-663,391	93	143	3,123,766	3,123,766	-	8,123,767
Finance charges	1,727,594	-	1,727,594	-	1,727,594	1,448,618	-278,976	-278,976	84	84	378,981	378,981	-	2,037,962
Materials and bulk purchases	64,666,825	-	64,666,825	34,090	64,700,915	63,139,226	-1,561,689	-1,561,689	98	98	2,218,308	2,218,308	-	55,283,205
Transfers and grants	3,435,306	-1,655,306	1,780,000	-	1,780,000	1,433,619	-346,381	-346,381	81	42	7,112,630	7,112,630	-	1,820,188
Other expenditure	40,175,917	4,719,801	45,895,718	-44,190	45,851,528	43,921,850	-1,929,678	-1,929,678	100	109	7,307,034	7,307,034	-	48,362,614
Total Expenditure	157,283,964	6,683,900	163,967,864	-	163,967,864	160,642,978	-3,324,886	-3,324,886	100	129	-	-	-	180,642,978
Surplus/(Deficit)	1,520,298	-6,249,900	-4,729,602	-	-4,729,602	-5,130,710	-4,729,602	-4,729,602	131	-337	7,307,034	7,307,034	-	-4,081,277
Transfers recognised - capital & contributed assets	12,434,000	-	12,434,000	-	12,434,000	12,434,000	-	-	100	100	-	-	-	10,251,000
Surplus/(Deficit) after capital transfers & contributions	13,954,298	-6,249,900	8,504,398	-	8,504,398	7,303,290	-1,201,108	-1,201,108	86	52	-	-	-	6,169,723
Share of surplus/ (deficit) of associate														
Surplus/(Deficit) for the year	13,954,298	-6,249,900	8,504,398	-	8,504,398	7,303,290	-1,201,108	-1,201,108	86	52	-	-	-	6,169,723
Capital expenditure & funds sources	28,242,505	-	28,242,505	-	28,242,505	23,826,352	-4,416,153	-4,416,153	84	84	-	-	-	10,251,000
Transfers recognised - capital	12,434,000	-	12,434,000	-	12,434,000	12,434,000	-	-	100	100	-	-	-	-
Public contributions & donations	1,700,000	-	1,700,000	-	1,700,000	1,700,000	-	-	-	-	-	-	-	-
Borrowing	14,108,505	-	14,108,505	-	14,108,505	11,392,352	-2,716,153	-2,716,153	81	81	-	-	-	6,166,414
Internally generated funds	28,242,505	-	28,242,505	-	28,242,505	23,826,352	-4,416,153	-4,416,153	84	84	-	-	-	16,417,414
Total sources of capital funds	28,242,505	-	28,242,505	-	28,242,505	23,826,352	-4,416,153	-4,416,153	84	84	-	-	-	16,417,414
Cash flows	-8,520,687	-	-8,520,687	-	-8,520,687	20,426,028	28,946,715	28,946,715	-240	-240	-	-	-	38,879,673
Net cash from (used) operating	-8,520,687	-	-8,520,687	-	-8,520,687	20,426,028	28,946,715	28,946,715	-240	-240	-	-	-	38,879,673
Net cash from (used) investing	-26,758,880	-	-26,758,880	-	-26,758,880	-23,802,291	2,956,589	2,956,589	89	89	-	-	-	-16,408,095
Net cash from (used) financing	455,606	-	455,606	-	455,606	-1,280,206	-1,735,812	-1,735,812	-281	-281	-	-	-	-390,180
Cash/cash equivalents at the year end	4,413,467	-	4,413,467	-	4,413,467	42,074,798	37,661,331	37,661,331	953	953	-	-	-	46,731,269

Endumeni Municipality
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided to these financial statements and forms part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 105 - Transfers of Functions Between Entities Under Common Control
GRAP 106 - Transfers of Functions Between Entities Not Under Common Control
GRAP 107 - Mergers
GRAP 18 - Segment Reporting
GRAP 20 - Related Party Disclosures

Previously the municipality applied IAS 19 in accounting for Employee Benefits, but have now early adopted GRAP 25. The GRAP 25 standard, amendments to standard and interpretations have been issued but are not yet effective and have been early adopted by the municipality.

GRAP 25 - Employee Benefits

Management have considered all of the above-mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

The Minister of Finance announced that the application of GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103 and GRAP 104 will be effective for period starting after 1 April 2012. Therefore, for the 2012/13 year the Municipality adopts GRAP 21, GRAP 23, GRAP 24, GRAP 26, GRAP 103, GRAP 104 and early adopted GRAP 25

1.2 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

INITIAL MEASUREMENT

Items of property, plant and equipment are initially measured at cost at the acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBSEQUENT EXPENDITURE

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciable amount is determined after taking into account an assets' residual value, where applicable. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Roads and Paving	3 - 100 years	Machinery and equipment	3 - 20 years
Electricity	3 - 80 years	Furniture and Equipment	3 - 50 years
Water	5 - 100 years	Motor Vehicles	4 - 20 years
Sewerage	10 - 60 years	Buildings	5 - 30 years
Other	10 - 30 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.3 HERITAGE ASSETS

INITIAL RECOGNITION

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and
- (b) the cost or fair value of the asset can be measured reliably.

INITIAL MEASUREMENT

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

SUBSEQUENT MEASUREMENT

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

The class of heritage assets are carried at its cost less any accumulated impairment losses.

DERECOGNITION

The carrying amount of a heritage asset is derecognised:

- (a) on disposal, or
- (b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.4 INTANGIBLE ASSETS

INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential;
- the municipality has the ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	2 - 5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

IMPAIRMENT

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.5 INVESTMENT PROPERTY

INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

SUBSEQUENT MEASUREMENT

Investment property is subsequently measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

DERECOGNITION

Investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property.

All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.6 INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of determining cost is the weighted-average method.

DERECOGNITION

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.7 FINANCIAL INSTRUMENTS

INITIAL RECOGNITION

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities,

INITIAL MEASUREMENT

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

INVESTMENTS AT AMORTISED COSTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

INVESTMENT AT FAIR VALUE

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

INVESTMENT AT COST

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

TRADE PAYABLES AND BORROWINGS

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

IMPAIRMENT OF FINANCIAL ASSETS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

IMPAIRMENT FOR FINANCIAL ASSETS HELD AT AMORTISED COST

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

IMPAIRMENT OF FINANCIAL ASSETS HELD AT COST

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

DERECOGNITION

A financial asset is derecognised only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset;
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.71 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.72 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.73 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.74 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.75 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

1.76 LEASES

MUNICIPALITY AS LESSEE

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

DERECOGNITION

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

MUNICIPALITY AS LESSOR

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

MEASUREMENT

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

DERECOGNITION

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

1.77 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

MEASUREMENT

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Service charges relating to electricity are based on consumption by consumers as is recorded on each consumer's meter. Meters are read each month and revenue is recognised in the period that invoices are raised. Provisional estimates of consumption are made in periods when meter readings have not been able to be made. The revenue from provisional estimates of consumption is recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised in the period in which cash is received.

Service charges relating to refuse removal are raised and recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements, the category of property usage and the number of refuse containers on each property regardless of whether or not containers are emptied during the month.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

Revenue from the sale of consumables and sundry items is recognised when the risk is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

EXPENDITURE FROM EXCHANGE

Expenditure arising from exchange-transactions is similar to the policy for exchange revenue.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

RECOGNITION

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Revenue from assessment rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts have been raised and are legally enforceable. Penalty interest is raised on unpaid rates after the due date for payment and is recognised on a time proportion basis.

Revenue from the collection of spot fines and summonses is recognised when payment is received together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised when cash is received or when property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

EXPENDITURE RELATING TO NON-EXCHANGE TRANSACTIONS

Expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

1.78 HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms on the Housing Act (Act 107 of 1997)

Sections 15 (5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the Entity to maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund and is fully cash-backed.

In terms of section 14(4)(d)(ii)(aa), read with inter alia section 16(2), the Housing Act required that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, to be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

1.79 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.8 RETIREMENT BENEFITS

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

1.81 POST-EMPLOYMENT BENEFITS

The Municipality operates various pension schemes. These schemes are funded through trustee administered funds. The Municipality has both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

DEFINED BENEFIT PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The municipality and its employees contribute to the Natal Joint Municipal Pension Fund which is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds are defined benefit funds. The Natal Joint Provident Fund is a defined contribution funds

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

POST RE-TIREMENT HEALTH CARE BENEFITS

The liability recognised in the Statement of Financial Position is in respect of defined benefit plan for post employment health care benefits. The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable. Valuations of these obligations are carried out every year by independent qualified actuaries.

1.82 IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount).

MEASUREMENT

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value in use is determined as a function of the discounted future cash flows from the asset. In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Where the asset is a non-cash generating asset the value in use is determined through depreciated replacement cost, restoration cost approach or service units approach. The decision to the approach to use is dependent on the nature of the identified impairment.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

REVERSAL OF IMPAIRMENT

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

IMPAIRMENT OF SPECIFIC NON-FINANCIAL ASSETS

PROPERTY, PLANT AND EQUIPMENT

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

INTANGIBLE ASSETS

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Irrespective of whether there is any indication of impairment, the municipality also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

INVESTMENT PROPERTY HELD AT COST

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

HERITAGE ASSETS

Where the carrying amount of an item of heritage asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of heritage asset have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

BIOLOGICAL ASSETS HELD AT COST

Where the carrying amount of an item of biological assets held at cost is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of biological assets held at cost have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 Restated R
2 INVENTORIES		
Electricity	2,186,689	2,245,940
Consumable stores	633,560	629,346
Mechanical spares	36,489	40,988
Fuel and oils	208,785	205,457
Closing balance of inventories	3,065,522	3,121,731
Write down of inventory	188,279	7,844

Inventory has been impaired for redundant and obsolete items

Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority. The stock write down for the current year is still subject to council approval

3 BANK BALANCES AND CASH

Cash and cash equivalents consist of the following:

Cash on hand	17,010	17,010
Cash at bank	2,026,823	935,447
	2,043,833	952,457

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

First National Bank Account - Dundee Branch
Account Number 62025460651: Cheque Account

Cash book balance at beginning of year	935,447	1,339,845
Cash book balance at end of year	2,026,823	935,447
Bank statement balance at beginning of year	935,447	1,339,845
Bank statement balance at end of year	2,026,823	935,447

4 NON-CURRENT RECEIVABLES

Housing - Selling scheme loans	1,139,688	1,134,677
Housing - Sibongile	582,548	596,436
Housing - Individual selling scheme loans	196,367	211,551
	1,918,603	1,942,664
Less : Provision for housing receivables	-1,382,499	-1,384,890
	536,104	557,774
Less : Current portion transferred to current receivables	-57,670	-81,702
Total Receivables	478,433	476,072

HOUSING SELLING SCHEME LOANS

Loans have been granted to individuals who qualified in terms of the KwaZulu-Natal Department of Human Settlements programme. The loans are repayable over terms ranging from 5 to 30 years at interest rates varying between 11.25% and 13.5%

Endumeni Municipality
Notes To The Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	Restated R
5 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade receivables</u>	R	R
as at 30 June 2013		
Electricity	5,401,340	4,789,087
Refuse	14,392,498	12,235,734
Debtors for Value Added Taxation	2,880,234	2,503,894
Estate	76,448	71,892
Interest	9,744,019	8,526,953
Refund	112,920	77,921
Spare	900	900
Deposit Housing	3,739	551
Deposit Electricity	61,381	79,252
Receipt	(472 866)	(467 760)
Housing Levy	225,269	172,089
Legal Fees	156,135	155,392
Sundry Adjustments	562,986	536,463
Reassessment of prior year service debtors		-123,210
Total Service Debtors	33,145,004	28,559,158
Provision for Doubtful Debts	(27 254 055)	(21 517 955)
Total	5,890,949	7,041,203

Electricity: Ageing

Current (0 – 30 days)	4 018 634	3,728,351
31 - 60 Days	345 266	243,593
61 - 90 Days	50 578	97,525
91 - 120 Days	133 881	20,798
Greater than 120 days	852 981	698,820
Total	5 401 340	4 789 087

Refuse: Ageing

Current (0 – 30 days)	1 017 314	883,451
31 - 60 Days	433 321	380,804
61 - 90 Days	316 188	263,417
91 - 120 Days	299 189	250,581
Greater than 120 days	12 326 486	10,457,481
Total	14 392 498	12 235 734

Debtors for Value Added Taxation: Ageing

Current (0 – 30 days)	677 552	634,041
31 - 60 Days	110 244	89,437
61 - 90 Days	53 035	51,820
91 - 120 Days	61 753	38,635
Greater than 120 days	1 977 650	1,689,962
Total	2 880 234	2 503 895

Estate: Ageing

Current (0 – 30 days)	2 777	1,316
31 - 60 Days	893	839
61 - 90 Days	720	617
91 - 120 Days	698	617
Greater than 120 days	71 360	68,503
Total	76 448	71 892

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 Restated R
CONSUMER DEBTORS (Continued)		
<u>Interest: Ageing</u>		
Current (0 – 30 days)	150,351	127,934
31 - 60 Days	146,917	124,605
61 - 90 Days	144,409	121,470
91 - 120 Days	140,613	119,866
Greater than 120 days	9,161,729	8,033,078
Total	9 744 019	8 526 953
<u>Refund: Ageing</u>		
Current (0 – 30 days)	31 064	6 550
31 - 60 Days	705	(1 402)
61 - 90 Days	183	2 721
91 - 120 Days	174	5
Greater than 120 days	80 794	70 047
Total	112 920	77 921
<u>Spare: Ageing</u>		
Current (0 – 30 days)		-
31 - 60 Days		-
61 - 90 Days		-
91 - 120 Days		-
Greater than 120 days	900	900
Total	900	900
<u>Deposit Housing: Ageing</u>		
Current (0 – 30 days)	654	551
31 - 60 Days	150	
61 - 90 Days	300	
91 - 120 Days	2 250	
Greater than 120 days	385	-
Total	3 739	551
<u>Deposit Electricity: Ageing</u>		
Current (0 – 30 days)	16 547	41 493
31 - 60 Days	2 286	7 946
61 - 90 Days	810	4 437
91 - 120 Days	3 740	2 861
Greater than 120 days	37 998	22 515
Total	61 381	79 252
<u>Add back credits included above: Ageing</u>		
Current (0 – 30 days)	(203 223)	(242 219)
31 - 60 Days	(70 574)	(40 476)
61 - 90 Days	(37 225)	(36 624)
91 - 120 Days	(17 310)	(23 776)
Greater than 120 days	(144 534)	(124 666)
Total	(472 866)	(467 761)

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	Restated R
<u>Housing Levy: Ageing</u>		
Current (0 – 30 days)	34 579	21 368
31 - 60 Days	14 346	6 263
61 - 90 Days	13 076	4 821
91 - 120 Days	9 165	4 478
Greater than 120 days	154 103	135 159
Total	225 269	172 089

<u>Legal Fees: Ageing</u>		
Current (0 – 30 days)	(196)	786
31 - 60 Days		3 375
61 - 90 Days		2 368
91 - 120 Days	156 331	371
Greater than 120 days		148 492
Total	156 135	155 392

<u>Sundry Adjustments: Ageing</u>		
Current (0 – 30 days)	13 378	12 293
31 - 60 Days	2 835	3 583
61 - 90 Days	4 022	2 776
91 - 120 Days	2 446	1 745
Greater than 120 days	540 305	516 065
Total	562 986	536 462

Included in the consumer debtors balances are the amounts owed by other spheres of Government:

<u>Other spheres of Government: Ageing</u>		
Current (0 – 30 days)	834 253	796 876
31 - 60 Days	333 861	256 960
61 - 90 Days	147 441	158 288
91 - 120 Days	136 991	88 133
Greater than 120 days	2 456 946	2 290 593
Total	3 909 492	3 590 851

5 Reconciliation of the doubtful debt provision

Reconciliation of the Bad Debt Provision

Balance at beginning of the year	77 377 339	76 345 488
Consumer debtors	65 500 872	61 699 403
Non-current receivables	1 384 890	1 441 820
Umzinyathi District Municipality - Water & Sanitation Transfer	-	5 326 022
Other debtors	10 491 577	7 878 243
Contribution to provision	9 013 383	1 031 851
Consumer debtors	(38 246 817)	3 801 469
Non-current receivables	(2 391)	(56 930)
Umzinyathi District Municipality - Water & Sanitation Transfer	-	(5 326 022)
Other debtors	47 262 590	2 613 334
Consumer debtors	27 254 055	21 517 955
Non-current receivables (including provision for discount scheme)	1 382 499	1 384 890
Umzinyathi District Municipality - Water & Sanitation Transfer	-	-
Other debtors	57 754 167	54 474 494
Balance at end of year	86 390 721	77 377 339
Bad debts written off against the provision	-	205 508

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013	2012
	R	Restated R
TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE		
6 TRANSACTIONS		
Trade Receivables - Property Rates	29 202 906	27 607 495
Penalties	20 477 677	18 476 307
Collection Fees	1 876 120	1 723 716
Other Debtors	5 236 805	4 603 822
Umzinyathi District Municipality - Other	6 048 709	6 048 709
Operating Leases	553 482	583 177
Department of Health - Subsidy (Refer to Note 23)	3 678 137	3 678 138
DLGTA - Sithembile Roads and Stormwater (Refer to Note 23)	-	66 370
KZN Housing - Sibongile Bufferstrip (Refer to Note 23)	-	1 720 468
KZN Housing - Ext 18 (Refer to Note 23)	-	134 035
	67 073 837	64 642 237
Less provision for bad debts	(10 449 994)	(10 491 577)
Less provision for bad debts (Rates, penalties and collection costs)	(47 304 173)	(43 982 917)
Total	9 319 670	10 167 743

SIGNIFICANT UNCERTAINTY :

Endumeni municipality claimed an amount of R17 068 623 from the Umzinyathi District Municipality for rendering the water services function on their behalf. The executive committee of Umzinyathi District Municipality accepted and paid a portion,(2011: R11 769 407), of the claim and recommended that their council approve the settlement. The balance of R6 048 709 remains outstanding

Included in the Umzinyathi District Municipality - Other Debtor is an amount of R4227 712. This amount is currently under dispute with the District Municipality and may not be recoverable. An impairment of this debtor has been accounted for in the current and prior years

Rates: Ageing

Current (0 – 30 days)	2 859 597	2 742 653
31 - 60 Days	687 540	524 629
61 - 90 Days	518 758	386 748
91 - 120 Days	480 968	355 496
Greater than 120 days	24 656 043	23 597 969
Total	29 202 906	27 607 495

Penalties: Ageing

Current (0 – 30 days)	244 005	234 269
31 - 60 Days	240 827	232 888
61 - 90 Days	238 026	231 162
91 - 120 Days	243 021	230 286
Greater than 120 days	19 511 798	17 547 702
Total	20 477 677	18 476 307

Collection Fees: Ageing

Current (0 – 30 days)	39 810	29 346
31 - 60 Days	39 899	27 833
61 - 90 Days	37 996	27 599
91 - 120 Days	37 337	27 080
Greater than 120 days	1 721 078	1 611 858
Total	1 876 120	1 723 716

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 Restated R
7 INVESTMENTS		
7 CURRENT		
Investments - Current Account	36 010 000	37 019 991
Investments - Museum Trust Fund	10 385	27 460
Investments - Government Grants and Subsidies	4 010 580	8 731 359
	<u>40 030 965</u>	<u>45 778 810</u>
<u>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</u>		
Investment Current Account		
<i>Absa Bank Account - Dundee Branch</i>		
<i>Account Number 9072089566 : Call Account</i>		
Bank statement balance at the beginning of the year	6,000,000	6 000 000
Bank statement balance at the end of the year	<u>6,000,000</u>	<u>6 000 000</u>
Investment Current Account		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62113431390 : Money Market Account</i>		
Bank statement balance at the beginning of the year	31,019,991	12 359 991
Bank statement balance at the end of the year	<u>30,010,000</u>	<u>31 019 991</u>
TOTAL INVESTMENTS (CURRENT ACCOUNT) :	<u>36 010 000</u>	<u>37 019 991</u>
Investment Museum Trust Fund		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62127781236 : Money Market Account</i>		
Bank statement balance at the beginning of the year	27,460	51 274
Bank statement balance at the end of the year	<u>10,385</u>	<u>27 460</u>
TOTAL INVESTMENT (MUSEUM TRUST FUND) :	<u>10 385</u>	<u>27 460</u>
Investment Projects		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62047254941 : Call Account</i>		
Bank statement balance at the beginning of the year	1,412,057	1 612 772
Bank statement balance at the end of the year	<u>2,318,561</u>	<u>1 412 057</u>
Investment Sibongile Hostel		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62045928069 : Call Account</i>		
Bank statement balance at the beginning of the year	473,342	483 178
Bank statement balance at the end of the year	<u>492,438</u>	<u>473 342</u>
Investment Finance Management Grant 6		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62299206104 : Call Account</i>		
Bank statement balance at the beginning of the year		201 442
Bank statement balance at the end of the year	-	-
Investment Municipal Systems Improvement Grant		
<i>First National Bank Account - Dundee Branch</i>		
<i>Account Number 62299200180 : Call Account</i>		
Bank statement balance at the beginning of the year		97 126
Bank statement balance at the end of the year	-	-

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 Restated R
Investment Municipal Pound Grant <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62310957131 : Call Account</i>		
Bank statement balance at the beginning of the year	1,030,379	1 003 737
Bank statement balance at the end of the year	<u>133,808</u>	<u>1 030 379</u>
Investment Sithembile Hostel <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62063967718 : Call Account</i>		
Bank statement balance at the beginning of the year	291,881	280 335
Bank statement balance at the end of the year	<u>303,627</u>	<u>291 881</u>
Investment Training of Councillors <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62310958098 : Call Account</i>		
Bank statement balance at the beginning of the year	149,136	150 000
Bank statement balance at the end of the year	<u>27,602</u>	<u>149 136</u>
Investment 43 Houses Sithembile (Repairs) <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62081707998 : Call Account</i>		
Bank statement balance at the beginning of the year		69 903
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Development Planning Capacity Building <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62095624352 : Call Account</i>		
Bank statement balance at the beginning of the year	-	23 277
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Development Info System Grant <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62126662627 : Call Account</i>		
Bank statement balance at the beginning of the year	14,074	23 421
Bank statement balance at the end of the year	<u>14,074</u>	<u>14 074</u>
Investment Spatial Planning <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62095674282 : Call Account</i>		
Bank statement balance at the beginning of the year	-	64 409
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Performance Management Systems 2 <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62150803742 : Call Account</i>		
Bank statement balance at the beginning of the year	-	65 304
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
Investment Transfer / Buyback Centre <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62130398903 : Call Account</i>		
Bank statement balance at the beginning of the year	6,091	19 255
Bank statement balance at the end of the year	<u>6,335</u>	<u>6 091</u>

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 Restated R
Investment LED Strategy <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62137545276 : Call Account</i>		
Bank statement balance at the beginning of the year	-	1 907
Bank statement balance at the end of the year	-	-
Investment DBSA IT Grant <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173639926 : Call Account</i>		
Bank statement balance at the beginning of the year	323 633	323 633
Bank statement balance at the end of the year	323 633	323 633
Investment Sibongile Library Internet <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173631948 : Call Account</i>		
Bank statement balance at the beginning of the year	74,049	165 303
Bank statement balance at the end of the year	8 072	74 049
Investment Interdepartmental Monitoring <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62080151758 : Call Account</i>		
Bank statement balance at the beginning of the year	-	8 900
Bank statement balance at the end of the year	-	-
Investment Interdepartmental Monitoring 2 <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62100280627 : Call Account</i>		
Bank statement balance at the beginning of the year		12 628
Bank statement balance at the end of the year	-	-
Investment Sports Project <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62412969084 : Call Account</i>		
Bank statement balance at the beginning of the year		-
Bank statement balance at the end of the year	371 364	-
Investment INEG <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62337661038 : Call Account</i>		
Bank statement balance at the beginning of the year	4 693 925	-
Bank statement balance at the end of the year	-	4 693 925
Investment Sports Project <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62228322294 : Money Market Account</i>		
Bank statement balance at the beginning of the year	262 792	275 919
Bank statement balance at the end of the year	11 066	262 792
TOTAL INVESTMENTS (GOVERNMENT GRANTS AND SUBSIDIES) :	4 010 580	8 731 359
TOTAL CURRENT INVESTMENTS	40 030 965	45 778 810

Endumeni Municipality
Notes to The Annual Financial Statements
for the year ended 30 June 2013

	2013 R	2012 Restated R
Investment LED Strategy <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62137545276 : Call Account</i>		
Bank statement balance at the beginning of the year	-	1 907
Bank statement balance at the end of the year	-	-
Investment DBSA IT Grant <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173639926 : Call Account</i>		
Bank statement balance at the beginning of the year	323 633	323 633
Bank statement balance at the end of the year	323 633	323 633
Investment Sibongile Library Internet <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62173631948 : Call Account</i>		
Bank statement balance at the beginning of the year	74,049	165 303
Bank statement balance at the end of the year	8 072	74 049
Investment Interdepartmental Monitoring <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62080151758 : Call Account</i>		
Bank statement balance at the beginning of the year	-	8 900
Bank statement balance at the end of the year	-	-
Investment Interdepartmental Monitoring 2 <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62100280627 : Call Account</i>		
Bank statement balance at the beginning of the year		12 628
Bank statement balance at the end of the year	-	-
Investment Sports Project <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62412969084 : Call Account</i>		
Bank statement balance at the beginning of the year		-
Bank statement balance at the end of the year	371 364	-
Investment INEG <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62337661038 : Call Account</i>		
Bank statement balance at the beginning of the year	4 693 925	-
Bank statement balance at the end of the year	-	4 693 925
Investment Sports Project <i>First National Bank Account - Dundee Branch</i> <i>Account Number 62228322294 : Money Market Account</i>		
Bank statement balance at the beginning of the year	262 792	275 919
Bank statement balance at the end of the year	11 066	262 792
TOTAL INVESTMENTS (GOVERNMENT GRANTS AND SUBSIDIES) :	4 010 580	8 731 359
TOTAL CURRENT INVESTMENTS	40 030 965	45 778 810
8 OTHER FINANCIAL ASSETS		
8 OTHER CURRENT FINANCIAL ASSETS		
Local registered stock - Estcourt Municipality	7,200	7,200
Total Receivables	7 200	7 200

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

9 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Electricity	Infrastructure Roads	Assets under construction	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Leased Assets	Housing Letting schemes	Total
as at 1 July 2012	26,074,701	11,594,451	23,226,662	80,422,630	1,638,902	3,920,069	3,529,636	1,662,494	3,182,909	8,987	1,247,483	156,608,804
Cost/Revaluation	26,074,701	21,972,620	36,668,770	107,560,854	1,639,902	6,165,725	11,012,187	8,683,012	7,836,416	10,488	1,247,483	228,862,158
Accumulated depreciation	-	-10,378,169	-13,442,108	-26,563,782	-	-2,171,501	-7,158,038	-7,010,741	-4,490,586	-1,521	-	-71,216,446
Accumulated impairment	-	-	-	-564,442	-	-74,155	-324,613	-9,777	-162,921	-	-	-1,135,908
Acquisitions	-	1,583,716	-	19,959,882	-	302,884	1,415,405	89,114	475,351	-	-	23,826,352
Newly identified assets at fair value	-	-	-	-	-	-	-	-	-	-	-	-
Assets under construction brought into use	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-744,931	-1,523,035	-3,637,564	-	-354,241	-896,984	-567,605	-1,308,116	-2,098	-41,583	-9,176,157
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated impairment	-	-	-	-	-	-	-	-	-	-	-	-
as at 30 June 2013	26,074,701	12,433,236	21,703,627	96,744,948	1,639,902	3,868,712	4,047,957	1,084,003	2,350,143	6,869	1,205,900	171,159,999
Cost/Revaluation	26,074,701	23,596,336	36,668,770	127,510,736	1,639,902	6,468,609	12,427,592	8,772,126	8,311,767	10,488	1,247,483	252,688,510
Accumulated depreciation	-	-11,123,100	-14,965,143	-30,201,346	-	-2,525,742	-8,055,022	-7,678,346	-5,798,702	-3,619	-41,583	-71,216,446
Accumulated impairment	-	-	-	-564,442	-	-74,155	-324,613	-9,777	-162,921	-	-	-1,135,908

App B1/A1

Endumet Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Reconciliation of Carrying Value	Land	Buildings	Infrastructure Electricity	Infrastructure Roads	Assets under construction	Infrastructure Other	Machinery & Equipment	Furniture & Equipment	Motor Vehicles	Leased Assets	Housing Letting schemes	Total
as at 1 July 2011	26,074,701	10,876,906	23,965,658	62,321,475	10,432,040	4,128,740	4,774,786	2,718,062	3,171,242	10,468	1,247,483	149,721,561
Cost/Revaluation	26,074,701	20,527,984	36,303,448	87,686,448	10,432,040	5,913,419	10,745,560	8,449,249	7,153,166	10,488	1,247,483	214,543,886
Accumulated impairment	-	-	-	-566,259	-	-	-2,286	-754	-	-	-	-569,299
Accumulated depreciation	-	-9,651,078	-12,337,790	-24,798,714	-	-1,784,679	-5,968,488	-5,730,433	-3,981,924	-20	-	-64,253,126
Acquisitions	-	1,444,636	365,322	1,546,901	11,633,759	252,306	266,627	224,614	683,250	-	-	16,417,415
Newly identified assets at fair value	-	-	-	-	-	-	-	9,149	-	-	-	9,149
Assets under construction brought into use	-	-	-	20,425,897	-20,425,897	-	-	-	-	-	-	-
Depreciation	-	-727,091	-1,104,318	-2,643,906	-	-386,822	-1,189,550	-1,280,308	-508,662	-1,501	-	-7,842,158
Impairment	-	-	-	-	-	-74,155	-322,327	-9,023	-162,921	-	-	-568,426
Carrying value of disposals	-	-	-	-1,227,737	-	-	-	-	-	-	-	-1,229,554
Cost/Revaluation	-	-	-	-2,108,392	-	-	-	-	-	-	-	-2,108,392
Accumulated depreciation	-	-	-	1,817	-	-	-	-	-	-	-	1,817
Accumulated impairment	-	-	-	878,838	-	-	-	-	-	-	-	878,838
as at 30 June 2012	26,074,701	11,594,451	23,226,662	80,422,630	1,639,902	3,920,068	3,529,536	1,662,494	3,182,909	8,967	1,247,483	156,509,804
Cost/Revaluation	26,074,701	21,972,620	36,668,770	107,550,854	1,639,902	6,165,725	11,012,187	8,683,012	7,836,416	10,488	1,247,483	228,862,158
Accumulated depreciation	-	-10,378,169	-13,442,108	-26,563,782	-	-2,171,501	-7,158,038	-7,010,741	-4,490,586	-1,521	-	-71,216,446
Accumulated impairment	-	-	-	-564,442	-	-74,155	-324,613	-9,777	-162,921	-	-	-1,135,908

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Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
10 INTANGIBLE ASSETS			
10 Reconciliation of carrying value			
as at 1 July 2012		R	R
Cost		107,904	389,513
Accumulated amortisation and impairment losses		1 396 385	1 396 385
		(1 288 481)	(1 006 872)
Acquisitions			
Amortisation		(58 452)	(281 609)
as at 30 June 2013		49,452	107,904
Cost		1 396 385	1 396 385
Accumulated amortisation and impairment losses		(1 346 933)	(1 288 481)

The carrying value of intangible assets disclosed relate to computer software of R49 452

11 INVESTMENT PROPERTY CARRIED AT FAIR VALUE

	Investment property	Total
as at 1 July 2012	11 872 000	11 872 000
Acquisitions	-	-
Fair value adjustment	-	-
as at 30 June 2013	11 872 000	11 872 000

	Investment property	Total
as at 1 July 2011	11 872 000	11 872 000
Acquisitions	-	-
Fair value adjustment	-	-
as at 30 June 2012	11 872 000	11 872 000

The fair values of these properties as valued by councils valuer at 01 July 2012 amounts to

Rental income from these properties amount to

No amounts were expensed towards repairs and maintenance costs for income generating investment properties

Details of investment properties are included in a register which is available for inspection at the municipal offices

11 872 000	11 872 000
1 210 853	1 030 589

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
12 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	12,012,510	8,858,226
Payments received in advance	1,142,396	937,707
Retentions	2,304,306	1,397,802
Umzinyathi District Municipality - water & sanitation transfer	1,213,831	905,544
Staff leave accrual	4,055,116	4,319,738
Deposits -other	76,622	66,936
Other creditors	4,940,058	5,006,444
Reassessment of prior year creditors		6,954,011
Total	25,744,838	28,446,408

The fair value of trade and other payables approximates their carrying amounts.

13 CONSUMER DEPOSITS

Electricity	3,259,018	2,907,322
Guarantees held in lieu of Electricity and Water Deposits	164,310	104,310

14 VAT PAYABLE

VAT payable	2,352,464	1,984,718
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

15 PROVISIONS

15 NON-CURRENT PROVISIONS

Provision for rehabilitation of landfill sites	4,618,740	4,237,376
Unwinding discounting	1,711,872	381,364
Total Non-Current Provisions	6,330,612	4,618,740

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 8.5%, over an average period of 16 years.

The provision created for the rehabilitation of the landfill site is based on Anderson Vogt Consulting Engineers assessment of the rehabilitation costs of the Glencoe dumpsite. A study will be done to determine the cost estimate in the near future

The provision is calculated in line with the consulting engineers assessment as determined by discounting the present value of the estimate as at 24 November 2010. Council intends commencing spending against the provision within 13 years.

16 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Seta Grant	1,357,848	1,099,767
Dev. Info Systems Grant	14,074	14,072
Transfer / Buyback Centre	6,335	6,092
DBSA Grant	323,633	323,635
Sibongile Lib. Internet Grant	8,072	74,047
Department of Sports Grant	11,066	262,793
Sports Grant	119,810	
Craigside Development	14,255	14,256
Sibongile Sewer Upgrading	124,494	236,313
Upgrade Sibongile Hostel	492,438	473,343
KZN Housing	289,180	
Upgrade Sithembile Hostel	303,627	291,881
Capacity Building	51,300	51,300
Training of councillors	27,602	149,136
Pound Grant	133,808	1,030,379
Integrated National Electrification Programme grant	3,048,207	4,651,074
Total Unspent Conditional Grants and Receipts	6,325,749	8,678,088

See Note 25 for reconciliation of grants from other spheres of government. These amounts are invested in ring-fenced investment until utilised.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
17 BORROWINGS		
Local Registered Stock Loans		
Annuity Loans	8,980,653	10,781,360
Non - current borrowings	<u>8,980,653</u>	<u>10,781,360</u>
Current portion transferred to current liabilities	2,252,200	2,083,396
Local Registered Stock Loans		7,200
Annuity Loans	<u>2,252,200</u>	<u>2,076,196</u>
Total borrowings	<u>11,232,853</u>	<u>12,864,756</u>

Refer to Appendix A for more detail on borrowings.

Local registered stock

Bear interest at rate 10% per annum (2011:10%) and has been redeemed in the current year

Annuity loans

Bear interest at rates between 6.75% and 17% per annum, are being redeemed in monthly installments, including interest, over varying periods until 2018

Security

The long term liabilities for local registered stock and annuity loans are not secured against any assets of the municipality

18 HOUSING DEVELOPMENT FUND RESERVE

Housing Operating Account

The housing development fund is represented by the following assets & liabilities:

	3 937 726	3 804 975
Fixed assets	1,247,483	1 247 483
Debtors	2,318,879	2 187 196
Cash at bank	371,364	370 296
Total Housing Operating Account Assets and Liabilities	<u>3,937,726</u>	<u>3,804,975</u>

19 OTHER RESERVES

Insurance Reserve

311,551	758,517
<u>311,551</u>	<u>758,517</u>

20 PROPERTY RATES

Actual

Agriculture properties used for agricultural purposes	559,900	412,162
Agricultural properties used for other business and commercial purposes	168,600	156,131
Agricultural - Land Reform	2,976	
Smallholding used for agricultural/residential purposes	258,518	272,779
Smallholding used for business/commercial/industrial purposes	268	11,640
Smallholding - Land Reform	2,344	
Business and Commercial properties(with residential usage)	1,882,778	1,980,767
Business and Commercial properties	8,092,586	7,739,030
Industrial properties	3,185,016	3,038,660
Industrial properties (with residential usage)	90,876	72,246
Mining properties	230,978	298,837
Public Benefits Organisation	48,182	59,385
Public service infrastructure	52,017	51,886
Residentially Based Business	337,897	352,141
Residential Properties	20,184,515	21,718,625
Schools	3,498,683	3,399,924
State owned properties	3,931,485	3,933,116
Sport, recreation & social	25,123	
Vacant Land (other than residential)	763,498	431,308
Vacant Land zoned residential	2,138,149	1,236,864
Re-assessment of prior period charges		-127,313
Total	<u>45,454,388</u>	<u>45,038,188</u>

Valuations

Agriculture properties used for agricultural purposes	542,501,000	281 671 000
Agricultural properties used for other business and commercial purposes	17,743,000	11 100 000
Land Reform Agricultural Properties	12,350,000	

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
Smallholding used for agricultural/residential purposes	52,672,000	43 292 000
Smallholding used for business/commercial/industrial purposes	-	600 000
Land Reform Smallholding	2,355,000	-
Business and Commercial properties(with residential usage)	72,953,000	57 394 000
Business and Commercial properties	313,125,000	223 620 000
Cemetery (Private)	442,000	101 000
Industrial properties	120,510,000	87 206 000
Informal settlements	350,000	298 000
Industrial properties (with residential usage)	3,430,000	2 037 000
Land reform properties	122,093,000	80 525 000
Mining properties	7,725,000	7 702 000
Municipal properties	159,203,000	100 682 000
Public Benefits Organisation	43,818,000	34 734 000
Public service infrastructure	38,314,000	20 031 000
Public Benefits Organisation property	17,988,000	16 850 000
Privately owned town serviced by the owner	4,201,000	3 815 000
Residential Based Business Properties	34,245,000	26 430 000
Residential Properties	2,225,442,000	1 792 800 000
Schools (Private and State)	103,206,000	77 271 000
State owned properties	115,973,000	89 379 000
Sports Social and Recreation Clubs	5,074,000	-
Vacant Land (other than residential)	11,709,000	4 915 000
Vacant Land zoned residential	31,064,000	14 013 000
Public worship	49,018,000	37 570 000
Worship Residential	11,848,000	10 452 000

Total Property Valuations

4,119,352,000	3,024,488,000
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The last general valuation came into effect on:

01/07/2012 01/07/2008

Property rates levied in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004 with effect from 01/07/2012.

Interim valuations are processed on a quarterly basis to take into account changes in individual land values due to consolidations and subdivisions.

Assessment rates: Cents in the rand on market valuation as follows:

Agriculture properties used for agriculture purposes	0.28c/R	0.37c/R
Agricultural properties used for other business and commercial	2.99c/R	3.88c/R
Agriculture properties used for agriculture purposes- Land Reform	0.28c/R	
Smallholding used for agricultural or residential purposes- Land Reform	0.98c/R	
Smallholding used for agricultural or residential purposes	0.98c/R	1.27c/R
Smallholding used for business, commercial and industrial properties	2.99c/R	3.88c/R
Business and commercial properties(with residential usage)	2.99c/R	3.88c/R
Business and commercial properties	2.99c/R	3.88c/R
Industrial properties	3.00c/R	3.89c/R
Industrial properties (with residential usage)	3.00c/R	3.89c/R
Mining properties	2.99c/R	3.88c/R
Public service infrastructure	0.28c/R	0.37c/R
Residential properties	1.12c/R	1.45c/R
Residential based business	1.24c/R	1.60c/R
Sport , Recreation and sports clubs	0.50c/R	
Schools (Private and state)	3.39c/R	4.40c/R
State owned properties	3.39c/R	4.40c/R
Vacant land (other than residential)	6.87c/R	8.91c/R
Vacant land (zoned residential)	6.87c/R	8.91c/R
Public benefit organisation properties	0.28c/R	0.37c/R

The first R50 000 of the valuation of residential properties are exempt from the calculation of rates.

The first R15 000 of the valuation of vacant land zoned residential are exempt from the calculation of rates.

The first R15 000 of the valuation of industrial properties with residential usage are exempt from the calculation of rates.

The first R15 000 of the valuation of Business and Commercial properties with residential usage are exempt from the calculation of rates.

Rebates:

Agricultural property	62%	50%
Smallholdings	52%	50%
Business and commercial properties	12%	10%
Industrial properties	12%	10%

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
Land reform, worship, PBO's, monuments, informal settlements and municipal owned property	0%	0%
Residential properties	22%	20%
Public service infrastructure	30%	30%
Pensioners (Earning R0 - R3500 per month)	25%	25%
Pensioners (Earning R3500 - R4000 per month)	20%	20%
Pensioners (Earning R4000 - R4500 per month)	15%	15%
Rates are levied as follows (in terms of Section 26 of the Municipal Property Rates Act No. 6 of 2004 for the 2013 financial year):		
On a monthly basis, and the final dates of payment being the last working day of the month from August 2012 to June 2013.		
Interest is levied on outstanding rates per annum at:	12%	12%
21 SERVICE CHARGES		
Sale of electricity	82,430,404	72,729,576
Refuse removal	13,326,063	11,629,887
Total Service Charges	95,756,467	84,359,463
22 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities and equipment	1,286,912	1,175,675
Total rentals	1,286,912	1,175,675
23 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1,957,691	1,956,359
Total interest	1,957,691	1,956,359
24 INTEREST EARNED - OUTSTANDING RECEIVABLES		
Interest on land sales	3,187	5,304
Total interest	3,187	5,304
25 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	32,277,000	26 452 000
Municipal infrastructure grant	12,434,000	10 251 000
Financial management grant	1,500,000	1 639 449
Library subsidy	1,234,000	1 175 408
SETA grant	16,936	-
Khiphophule sewing club	-	6 830
Interdepartmental monitoring systems grant	-	21 528
Siyamema pecan nut grant	-	112
Municipal systems improvement grant	800,000	867 924
Admin capacity	-	23 604
Department of Environmental Affairs grant	-	13 904
Spatial planning grant	-	64 410
Sibongile library internet grant	175,150	186 361
Department of sports grant	257,614	23 371
Department of sports grant	30,190	-
Museum subsidy	321,000	300 000
Department of local government and traditional affairs - Sibongile	111,819	20 625
KZN Housing - Sibongile hostel	-	30 893
KZN Housing - Ext 18	12,001	2 549
KZN Housing - Sithembile hostel	-	1 233
KZN Housing - Sibongile bufferstrip	-	(27 123)
Training of Councillors grant	121,534	864
Municipal Pound grant	918,809	18 967
Integrated National Electrification Programme grant	4,651,074	348 926
Integrated National Electrification Programme grant	3,951,793	-
Performance management systems grant	-	65 304
LED Strategy	-	1 906
Community development workers	-	1
KZN housing grant	-	72 725
Development information systems grant	-	9 347
Municipal finance management act	-	23
Management Assistance Programme	-	13 966
Uniform billing systems grant	-	1
Total Government Grant and Subsidies	58 812 920	41 586 108

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
25 Equitable Share		
Balance unspent at beginning of year		-
Current year receipts	32,277,000	26 452 000
Conditions met – transferred to revenue	(32 277 000)	(26 452 000)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. An amount of R78 000 was withheld for the year ended 30 June 2013.		
25 Municipal Infrastructure Grant		
Balance unspent at beginning of year		-
Current year receipts	12 434 000	10 251 000
Conditions met - transferred to revenue	(12 434 000)	(10 251 000)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant was used for road infrastructure as part of upgrading of informal settlements. No funds were withheld.		
25 Financial Management Grant		
Balance unspent at beginning of year	-	189 449
Current year receipts	1,500,000	1 450 000
Conditions met - transferred to revenue	(1 500 000)	(1 639 449)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant was used for implementation of MFMA, finance reforms and payment of intern's salaries. No funds were withheld.		
GOVERNMENT GRANTS AND SUBSIDIES (Continued)		
25 Library subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	1,234,000	1 175 408
Conditions met - transferred to revenue	(1 234 000)	(1 175 408)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is in respect of the municipal library services.		
25 SETA grant		
Balance unspent at beginning of year	1,099,767	790 099
Current year receipts	275,016	309 668
Conditions met - transferred to revenue	(16 935)	-
Conditions still to be met-transferred to liabilities (see note 16)	1 367 848	1 099 767
This grant is in respect of training municipal staff. No Funds were withheld		
25 Health subsidy		
Balance unspent at beginning of year	(3 678 138)	(3 678 138)
Current year receipts		-
Conditions met - transferred to revenue		-
Balance owing transferred to debtors (Refer to note 18)	(3 678 138)	(3 678 138)
The grant has been used exclusively to fund clinic services.		
25 Khiphopukhle sewing club grant		
Balance unspent at beginning of year		6 830
Current year receipts		-
Conditions met - transferred to revenue		(6 830)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is for the sewing projects. No funds were withheld.		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
25 Performance Management Systems Grant		
Balance unspent at beginning of year		65 304
Current year receipts		-
Conditions met - transferred to revenue		(65 304)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is for the development of performance management contracts. No funds were withheld.		
25 Interdepartmental Monitoring Systems Grant		
Balance unspent at beginning of year		21 528
Current year receipts		-
Conditions met - transferred to revenue		(21 528)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
The grant was to be used for administrative capacity building. No funds were withheld.		
25 Siyamema pecan nut grant		
Balance unspent at beginning of year		112
Current year receipts		-
Conditions met - transferred to revenue		(112)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is in respect of the maintaining of the pecan nut trees. No funds were withheld.		
25 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	-	77 924
Current year receipts	800 000	790 000
Conditions met - transferred to revenue	(800 000)	(867 924)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act.		
25 Admin Capacity		
Balance unspent at beginning of year		23 604
Current year receipts		-
Conditions met - transferred to revenue		(23 604)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is used for capacity building. No funds were withheld.		
25 Department of environment affairs grant		
Balance unspent at beginning of year		19 256
Current year receipts		740
Conditions met - transferred to revenue		(13 904)
Conditions still to be met-transferred to liabilities (see note 16)	-	6 092
This grant is for improvement in public participation. No funds were withheld.		
25 Local Economic Development Grant		
Balance unspent at beginning of year		1 906
Current year receipts		-
Conditions met - transferred to revenue		(1 906)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is used for local economic development. No funds were withheld.		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
25 Community Development Workers Grant		
Balance unspent at beginning of year		1
Current year receipts		
Conditions met - transferred to revenue		(1)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant is used to pay for community development workers. No funds were withheld.		
25 KZN Housing grant		
Balance unspent at beginning of year		69 903
Current year receipts		2 822
Conditions met - transferred to revenue		(72 725)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant was used for the repairs of 43 houses. No funds were withheld.		
25 Development information systems grant		
Balance unspent at beginning of year	14,073	23 419
Current year receipts	-	-
Conditions met - transferred to revenue	-	(9 347)
Conditions still to be met-transferred to liabilities (see note 16)	14 073	14 072
This grant is for the development of information systems. No funds were withheld.		
25 Development Bank of South Africa		
Balance unspent at beginning of year	323,633	323 635
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (see note 16)	323 633	323 635
This grant was used for the implementation of financial software. No funds were withheld.		
25 Spatial planning grant		
Balance unspent at beginning of year		64 410
Current year receipts		-
Conditions met - transferred to revenue		(64 410)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant was used for the spatial planning as part of the integrated development plan. No funds were withheld.		
25 Municipal Finance Management Act grant		
Balance unspent at beginning of year		23
Current year receipts		-
Conditions met - transferred to revenue		(23)
Conditions still to be met-transferred to liabilities (see note 16)	-	-
This grant was used for the implementation of the MFMA. No funds were withheld.		
25 Uniform billing systems grant		
Balance unspent at beginning of year		(1)
Adjustments and transfers		-
Current year receipts		-
Conditions met - transferred to revenue		1
Conditions still to be met-transferred to liabilities (see note 16)	-	-

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

This grant was used for the implementation of the financial software for the billings system.
No funds were withheld.

2013	2012
R	Restated R

25 Municipal Assistance Programme

Balance unspent at beginning of year		13 966
Current year receipts		-
Conditions met - transferred to revenue		(13 966)
Conditions still to be met-transferred to liabilities (see note 16)		-

This grant is for credit control and GRAP/GAMAP implementation.
No funds were withheld.

25 Sibongile library internet grant

Balance unspent at beginning of year	74,049	165 301
Current year receipts	109,174	95 107
Conditions met - transferred to revenue	(175 150)	(186 361)
Conditions still to be met-transferred to liabilities (see note 16)	8 072	74 047

This grant is for the internet at the Sibongile library.
No funds were withheld.

25 Department of Sports grant

Balance unspent at beginning of year	262,792	275 919
Current year receipts	5,887	10 245
Expenditure claimed in accordance with grant conditions	(257 614)	(23 371)
Conditions still to be met-transferred to liabilities (see note 16)	11 065	262 793

This grant is intended for the building of a sports facility.
No funds were withheld.

25 Capacity Building - DBSA

Balance unspent at beginning of year	51,300	51 300
Current year receipts		-
Expenditure claimed in accordance with grant conditions		-
Conditions still to be met-transferred to liabilities (see note 16)	51 300	51 300

This grant was received from the DBSA for capacity building.
No funds were withheld.

25 Musuem subsidy

Balance unspent at beginning of year		-
Current year receipts	321,000	300 000
Expenditure claimed in accordance with grant conditions	(321 000)	(300 000)
Conditions still to be met-transferred to liabilities (see note 16)		-

This grant is to fund museum services. No funds were withheld.

25 Department of local government and traditional affairs - Sibongile

Balance unspent at beginning of year	236,313	256 938
Current year receipts		-
Expenditure claimed in accordance with grant conditions	(111 819)	(20 625)
Conditions still to be met-transferred to liabilities (see note 16)	124 494	236 313

This grant is for the Sithembile sewer upgrade. No funds were withheld.

25 KZN Housing - Sibongile hostel

Balance unspent at beginning of year	473,342	483 179
Current year receipts	19,096	21 057
Expenditure claimed in accordance with grant conditions	-	(30 893)
Conditions still to be met-transferred to liabilities (see note 16)	492 438	473 343

This grant is for the upgrade of the Sibongile hostel.
No funds were withheld.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
26 KZN Housing - Ext 18 housing project		
Balance unspent at beginning of year	-134,035	(131 486)
Current year receipts	435,216	-
Expenditure claimed in accordance with grant conditions	(12 001)	(2 549)
Balance owing transferred to debtors (Refer to note 18)	<u>289 180</u>	<u>(134 036)</u>

This grant is for the upgrade of the Extension 18 housing project.
No funds were withheld.

26 KZN Housing - Upgrade of Sithembile Hostel

Balance unspent at beginning of year	291,881	280 336
Current year receipts	11,747	12 778
Expenditure claimed in accordance with grant conditions		(1 233)
Conditions still to be met-transferred to liabilities (see note 16)	<u>303 628</u>	<u>291 881</u>

This grant is for the upgrade of Sithembile hostel.
No funds were withheld.

26 KZN Housing - Sibongile Bufferstrip

Balance unspent at beginning of year		(1 747 591)
Current year receipts		-
Expenditure claimed in accordance with grant conditions		27 123
Balance owing transferred to debtors (Refer to note 18)	<u>-</u>	<u>(1 720 468)</u>

This grant is for the Sibongile Bufferstrip housing.
No funds were withheld.

Department of Cooperative Governance and Traditional Affairs - Sithembile

26 Roads and Storm water

Balance unspent at beginning of year		(66 370)
Current year receipts		-
Expenditure claimed in accordance with grant conditions		-
Balance owing transferred to debtors (Refer to note 18)	<u>-</u>	<u>(66 370)</u>

This grant is for the Sithembile roads and storm water.
No funds were withheld.

Department of Cooperative Governance and Traditional Affairs - Training of

26 Councillor Grant

Balance unspent at beginning of year	149,136	150 000
Adjustments and transfers		-
Current year receipts		-
Expenditure claimed in accordance with grant conditions	(121 534)	(864)
Conditions still to be met-transferred to liabilities (see note 16)	<u>27 602</u>	<u>149 136</u>

This grant is for the training of Councillors.
No funds were withheld.

Department of Cooperative Governance and Traditional Affairs - Pound

26 Grant

Balance unspent at beginning of year	1,030,379	1 003 737
Current year receipts	22,237	45 609
Expenditure claimed in accordance with grant conditions	-918,809	(18 967)
Conditions still to be met-transferred to liabilities (see note 16)	<u>133 807</u>	<u>1 030 379</u>

This grant is for the establishment of a municipal pound.
No funds were withheld.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
25 KZN Housing - Craigside development		
Balance unspent at beginning of year	14,255	14 256
Current year receipts		-
Expenditure claimed in accordance with grant conditions		-
Conditions still to be met-transferred to liabilities (see note 16)	<u>14 255</u>	<u>14 256</u>
This grant is for the development of Craigside housing. No funds were withheld.		
Department of National Energy - Integrated National Electrification		
25 Programme		
Balance unspent at beginning of year	4,651,074	-
Current year receipts	-	5 000 000
Expenditure claimed in accordance with grant conditions	(4 651 074)	(348 926)
Conditions still to be met-transferred to liabilities (see note 16)	<u>-</u>	<u>4 651 074</u>
This grant is for the Integrated National Electrification Programme increasing access to electricity specially in rural areas. No funds were withheld.		
25 Department of Environmental Affairs - Transfer station		
Balance unspent at beginning of year	6,091	19 256
Current year receipts	244	740
Expenditure claimed in accordance with grant conditions	-	(13 904)
Conditions still to be met-transferred to liabilities (see note 16)	<u>6 335</u>	<u>6 092</u>
The grant is for improvement of public participation. No funds were withheld.		
25 Department of National Energy - Integrated National Electrification		
Balance unspent at beginning of year	-	-
Current year receipts	7,000,000	-
Expenditure claimed in accordance with grant conditions	(3 951 793)	-
Conditions still to be met-transferred to liabilities (see note 16)	<u>3 048 207</u>	<u>-</u>
This grant is to increase access to electricity, specifically in rural areas No funds were withheld		
25 Department of Sports Grant		
Balance unspent at beginning of year	-	-
Current year receipts	150,000	-
Expenditure claimed in accordance with grant conditions	(30 190)	-
Conditions still to be met-transferred to liabilities (see note 16)	<u>119 810</u>	<u>-</u>
This grant is intended for the maintenance of a sport facility. No funds were withheld		
26 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
26 Other income		
Burial fees	117,419	106 120
Discount received	39,588	23 753
Land Sales	142,822	932 164
Other Income	983,505	1 596 949
Total Other Income	<u>1,283,335</u>	<u>2,668,986</u>
27 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	40,889,339	37,323,427
Annuation Insurance	10,774	10,773
Performance and other bonuses	3,734,425	2,856,234
Casual labour	633,363	770,405
Group Life	416,457	682,994

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012 Restated
	R	R
Leave	1,597,416	2,314,731
Medical Aid	2,921,006	2,617,370
Housing allowances	231,757	240,229
Protective clothing and uniforms	151,939	140,279
Overtime payments	1,264,116	1,684,825
Pension	8,456,321	6,754,074
Post Retirement Benefits	1,275,766	1,168,086
SALGA Shop fee	21,694	15,273
SARPA Membership	3,518	
SAMRO	4,546	4,145
Standby Allowance	192,801	329,962
Sundry Allowance	940,959	587,534
Transport allowance	3,709,591	3,239,612
UIF	366,946	326,787
Total	66,822,733	61,066,740
Remuneration of the Municipal Manager		
Annual Remuneration	817,546	-
Car Allowance	51,319	-
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	20,060	-
Contributions to UIF, Medical and Pension Funds	118,622	-
Total	1,007,546	-

The position of Municipal Manager was filled on 1st September 2012. The Executive Manager Technical Services was acting in this position for the month of July and August 2012. The Municipal Manager was suspended on 18 April 2013. The Chief Financial Officer was acting in the position of Municipal Manager from 18 April 2013. The above remuneration included an acting allowance for the position of Municipal Manager.

Remuneration of the Chief Finance Officer

Annual Remuneration	1,071,758	962,642
Performance- and other bonuses	486,061	
Cell phone allowance	12,268	7,800
Car allowance	-	-
Contributions to UIF, Medical and Pension Funds	221,211	214,145
Total	1,791,299	1,184,587

The Chief Financial Officer was acting in the position of Municipal Manager from April 2013. The position of the Chief Financial Officer became vacant in June 2013. The Senior Financial Officer was acting in the position of Chief Financial Officer for May and June 2013. The above remuneration includes an acting allowance for the position of Chief Financial Officer.

The performance bonus paid in the 2013 financial year, related to the chief financial officer's performance in the 2011 and 2012 financial years.

Remuneration of Individual Executive Managers

	Technical Services R	Corporate Services R
2013		
Annual Remuneration	973,197	930,391
Performance- and other bonuses	617,352	432,709
Cell phone allowance		10,815
Car allowance	5,692	-
Contributions to UIF, Medical and Pension Funds	239,394	324,244
Total	1,835,635	1,698,158

The Executive Manager Technical Services position became vacant in June 2013. The Manager Admin and Mechanical was acting in the position for June 2013. The above remuneration includes an acting allowance for the position of executive manager technical services.

The position of the Executive Manager Corporate Services became vacant in June 2013.

The performance bonus paid in the 2013 financial year, related to the Executive Manager's performance in the 2011 and 2012 financial years.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R Technical Services R	2012 Restated R Corporate Services R
2012		
Annual Remuneration	918,815	907,329
Cell phone allowance		5,533
Car allowance	6,000	
Contributions to UIF, Medical and Pension Funds	231,267	122,072
Total	1,156,082	1,034,934

The above remuneration includes an acting allowance for the position of Municipal Manager

28 REMUNERATION OF COUNCILLORS

Executive Mayor	367,448	348,290
Deputy Executive Mayor	307,756	269,664
Speaker	296,438	280,982
Executive Committee Members	278,685	264,155
Councillors	1,282,656	1,184,054
Councillors' travel allowances	394,592	363,930
Total Councillors' Remuneration	2,927,575	2,711,076

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor and Speaker are part-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has one full-time bodyguard and one permanent driver.

29 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	9,176,157	7,842,158
Intangible assets	58,452	281,609
Total Depreciation and Amortisation	9,234,609	8,123,767

30 FINANCE COSTS

Borrowings	1,448,618	2,037,962
Total Finance Costs	1,448,618	2,037,962

31 BULK PURCHASES

Electricity	62,805,704	54,850,643
Total Bulk Purchases	62,805,704	54,850,643

32 CONTRACTED SERVICES

Contracted services	2,062,642	1,998,645
	2,062,642	1,998,645

33 GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	306,026	315 349
Amendments To Acts & Ord.	118,895	50 311
Audit Committee	244,482	30 987
Audit Fees & Internal Audit Fees	2,178,616	1 857 427
Bank Charges	727,545	663 338
H I V Aids	189,252	199 273
Illegal Connect Outsourced Fee		258 836
Indigent Support	1,433,819	1 412 547
Insurance	186,179	143 375
Lease Payments	163,484	172 926
Led Projects	929,739	482 743
Legal Expenses	597,346	847 980
Materials	333,522	432 562
Membership Fees Kwanaloga	537,040	307 868
Meter Reading Fees	124,284	97 374
National Cleanest Town Compet	64,991	63 837
New Connections	189,996	208 124

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
Postages	285,790	345 812
Printing & Stationery	948,653	862 939
Prodiba - Payments	414,375	387 375
Promotion Of Endumeni	345,575	681 105
Rural Horse Riding Event	385,642	232 268
Security	2,635,428	1 723 906
Service Of Process	68,400	63 954
Special Projects	-	225 202
Sport, Youth, Arts And Culture	622,911	598 625
Staff Training	674,991	520 457
Subsistence & Travelling	892,088	813 045
Telephone	599,126	612 939
Traffic Control	89,885	109 955
Transport Cost	3,885,354	3 550 157
Valuation Fees	328,989	663 267
Valuation Reduction	5,151,255	6 491 573
Other General Expenses	12,895,723	9 271 480
Recharges	(1 259 480)	(1 148 298)
Grant expenditure condition met	1,596,927	
	38,886,845.44	33,550,618

35 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)

Property, plant and equipment	-	568,427
Consumable Stores Impairment Loss	73,186	25,686
Total Impairment loss / (Reversal of Impairment Loss)	73,186	594,113

37 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	7,303,290	6,169,723
Adjustment for:-		
Depreciation and amortisation	9,176,157	7,842,158
Amortisation	58,452	281,609
(Gain) / loss on sale of assets	-	1,227,737
Other non-cash item under other income		360,520
Contribution to retirement benefit obligation	5,124,488	4,528,002
Contribution to landfill site provision	1,711,872	381,364
Contribution to bad debt provision	9,013,383	1,031,851
Contribution to leave provision	-264,623	
Straightlining of leases	29,694	-16,171
Finance costs	1,448,618	2,037,962
Fair value adjustments	-	-9,149
Impairment loss / (reversal of impairment loss)	-	568,427
Impairment loss / (reversal of impairment loss) on inventory	73,186	25,686
Other non-cash item under general expenses		2,886,490
Fines revenue	43,771	
Umzinyathi transfer to creditors		-6,096,435
Reserve expenditure	-314,213	-267,056
Increase in grant overspent		24,575
Interest earned	-1,960,878	-1,961,663
Operating surplus before working capital changes:	31,443,196	19,015,630
(Increase)/decrease in inventories	-16,977	399,927
(Increase)/decrease in trade receivables	-4,585,846	-5,492,262
(Increase)/decrease in other receivables	-2,505,066	12,957,133
Increase/(decrease) in VAT payable	367,746	-176,173
Increase/(decrease) in conditional grants and receipts	-2,352,339	4,305,755
Increase/(decrease) in trade payables	-2,436,947	7,945,962
Cash generated by/(utilised in) operations	19,913,768	38,955,972

38 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	2,043,833	952,457
Call investment deposits	40,030,965	45,778,810
Net cash and cash equivalents (net of bank overdrafts)	42,074,798	46,731,267

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
39 CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of		
39 Defined benefit obligations		
Balance previously reported: -		
Defined medical aid benefit liability		27,500,592
Recognition of Transitional liability 2011		7,470,876
Restated opening balance as at 1 July 2011		34,971,468
Implementation of GRAP 25		
Transferred to Accumulated Surplus/(Deficit) 2011		7,470,876
		7,470,876
40 CORRECTION OF ERROR		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from a correction of prior year errors.		
The comparative amount has been restated as follows:		
<u>Unspent Grants</u>		
Balance previously reported		8,720,939
Unspent Grants INEG		-42,851
Net effect on Statement of Financial Position		8,678,088
<u>Receivables from exchange transactions</u>		
Balance previously reported		10,582,329
Reclassification: Rates debtors transferred to non exchange receivables (see note 56)		-3,824,601
		6,757,728
PY Error: Rates debtor advances incorrectly included in debtors		406,685
PY Error: Reassessment of revenue from service charges 2011		-110,705
PY Error: Reassessment of revenue from service charges 2012		-12,505
Net effect on Statement of Financial Position		7,041,203
<u>Payables from exchange transactions</u>		
Balance previously reported		26,915,170
PY Error: Rates debtor advances incorrectly included in debtors		406,685
PY Error: Reassessment of revenue from service charges 2011		3,657,240
PY Error: Reassessment of revenue from service charges 2012		3,296,770
PY Error: Vat refunds incorrectly included in creditors 2011		-6,026,399
PY Error: Vat refunds incorrectly included in creditors 2011		196,941
Net effect on Statement of Financial Position		28,446,408
<u>Surplus/(Deficit for the year)</u>		
Balance previously reported		9,625,262
Correction of conditions met transferred to revenue		42,851
PY Error: Reassessment of revenue from service charges - refuse		13,659
PY Error: Reassessment of revenue from service charges - electricity		-520,899
PY Error: Reassessment of revenue from service charges - rate&general		-2,802,036
Vat consulting fee expense		-196,941
PY Error: Actuarial gains/losses adjustment		7,826
Net effect on Statement of Financial Performance		6,169,723
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
42 DISALLOWED		
42 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Finance - unauthorised		16 734 860
Actual		32 633 103
Budget		15 898 243

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
Corporate - unauthorised		952 460
Actual		26 117 168
Budget		25 164 708
Technical - under spending		(4 836 672)
Actual		109 500 364
Budget		114 337 036
Municipal Manager - under spending		(5 543 613)
Actual		12 203 229
Budget		17 746 842
Opening balance	7,307,035	-
Unauthorised expenditure current year	-	7 307 035
Approved by Council or condoned	7,307,035	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	14,614,070	7,307,035
42 Fruitless and wasteful expenditure		
No fruitless and wasteful expenditure was incurred for the year ended 30 June 2012 and 30 June 2013		
42 Irregular expenditure		
Supply chain management bids not awarded to suppliers with highest preference points.		214,925
Supply chain management deviations from Supply Chain Management Policy. (Refer note 39).		
- Christmas Function		82,647
- Refreshments		43,290
Performance Evaluations not performed on 1 tender.		2,911,346
Condoned or written off by Council		-3,252,208
Transfer to receivables for recovery – not condoned		
Irregular expenditure awaiting condonement		-
No irregular expenditure identified for the year ended 30 June 2013		
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE		
43 MANAGEMENT ACT		
43 Contributions to organised local government		
Opening balance		-
Council subscriptions	547,040	318,368
Amount paid - current	-547,040	-318,368
Amount paid - previous years		
Balance unpaid (included in payables)	-	-
43 Audit fees		
Opening balance		-
Current year audit fee	1,669,690	1,126,166
Amount paid - current year	-1,669,690	-1,126,166
Amount paid - previous years		
Balance unpaid (included in payables)	-	-
Balance unpaid (Included in creditors)		
43 VAT		
Vat received for the year	3,569,289	1,260,786
Vat paid for the year	1,111,488	1,269,614
All VAT returns have been submitted by the due date throughout the year.		
43 PAYE and UIF		
Opening balance		-
Current year payroll deductions	9,220,033	7,571,479

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012 Restated
	R	R
Amount paid - current year		
Amount paid - previous years	-9,220,033	-7,571,479
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

43 Distribution Losses

Units lost (kilowatts)	27,290,823	23,757,589
Units lost (sales price per kilowatts - rands)	29,522,537	18,765,318
Units lost due to normal distribution losses (purchase price per kilowatts - rands [2013:R1.122,2012:R0.4350])	8,664,995	3,309,974
Units lost due to theft (purchase price per kilowatts - rands [2013:R1.066,2012:R0.4250])	20,857,000	7,012,793
Units lost due to normal distribution losses (percentage)	8%	8%
Units lost due to theft (percentage)	20%	17%

Although units per kilowatts were lost in distribution, the electricity service experienced a surplus of R 2,913,268.12

44 Pension and Medical Aid Deductions

Opening balance		-
Current year payroll deductions and Council Contributions	18,757,249	14,255,844
Amount paid - current year	-18,757,249	-14,255,844
Current year - loss on appeal of claim	-	4,377,873
Amount paid - current year	-	-4,377,873
Amount paid - previous years		-
Balance unpaid (included in payables)	<u>-</u>	<u>-</u>

The municipality lost the claim made by the Natal Joint Municipal Pension fund on appeal in the prior year.

44 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at -

as at 30 June 2013

Councillor: WN Mbatha (Amounts have subsequently not been paid)	83
Councillor: HSB Ngobese (R500 has subsequently been paid)	753
Total Councillor Arrear Consumer Accounts	<u>837</u>

as at 30 June 2012

Councillor: SW Dlamini (Paid in full in September 2011)	1,299
Councillor: TM Mahaye (Paid in full in December 2011)	2,541
Councillor: HSB Ngobese (Stop order signed to pay R1000 per month)	16,381
Councillor: MH Zwane (Amounts have subsequently not been paid)	32,103
Councillor: WN Mbatha (Amounts have subsequently not been paid)	84

Total Councillor Arrear Consumer Accounts	<u>52,408</u>
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44 Deviations of Supply Chain Management Policy

Printing of A5 ID Books	10,135
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The awarding of the quote for printing of A4 ID books did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 11 September 2012.

Transportation of Maidens	16,800
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The awarding of the quote for the transportation of maidens did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 25 September 2012.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
Construction of Conservancy Tank	11,970	
The awarding of the quote for the construction of a Conservancy Tank did not follow the usual procurement process as there was a change in specification. The deviation was duly authorized by the accounting officer and the council on 16 October 2012.		
50LT Pole Mounted Bins	9,855	
The awarding of the quote for purchase of 50 LT Pole Mounted Bins did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 22 January 2013.		
Sound System	4,000	
The awarding of the quote for the sound system did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 22 January 2013.		
Fencing to Community Garden	38,000	
The awarding of the quote for the fencing of the Community Garden did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 22 January 2013.		
Battery Charger - Glencoe	39,330	
The awarding of the quote for the purchase of a battery charger did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 16 October 2012.		
Hire of Grader	10,397	
The awarding of the quote for the hire of a Grader did not follow the usual procurement process as this was a sole supplier situation. The deviation was duly authorized by the accounting officer and the council on 22 January 2013.		
Printing of Annual Reports	16,000	
The awarding of the quote for the printing of Annual Reports did not follow the usual procurement process as this was a sole supplier. The deviation was duly authorized by the accounting officer and the council on 12 March 2013.		
Finger Lunch - Co-operatives workshop	2,302	
The awarding of the quote for the catering at the Co-operatives workshop did not follow the usual procurement process as this was a sole supplier situation. The deviation was duly authorized by the accounting officer and the council on 12 February 2013.		
Rewind 630KVA Transformer	102,589	
The awarding of the quote for the 630 KVA Transformer workshop did not follow the usual procurement process as this was an emergency situation. The deviation was duly authorized by the accounting officer and the council on 31 May 2013.		
Disaster at Mome		7 630
The awarding of the quote to purchase blankets and hiring of buses did not follow the usual procurement process as this was an emergency situation following the disaster at Mome. The deviation was duly authorized by the accounting officer and the council on 4 July 2012.		
Mayoral Imbizo		50 000
The awarding of the quote for catering, a radio advert and a programme director did not follow the usual procurement process as this was an emergency. The deviation was duly authorized by the accounting officer and the council on 28 June 2012.		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
Publication in Government Gazette.		32 114
The awarding of the quote for a publication in the Government Gazette, from the sole supplier within the municipal area, did not follow the usual procurement process. The deviation was duly authorized by the accounting officer and the council on 28 June 2012.		
Sports Gear		17 668
The awarding of the quote for the purchase of soccer kits, golf shirts and messenger bags did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 28 June 2012 and 24 July 2012.		
Purchase of Bus Shelters		57 000
The awarding of the quote for the purchase of bus shelters did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 28 June 2012.		
Chrismas Function		82 647
The awarding of the quote for the preparation of Christmas Hampers did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 26 January 2012.		
Supply and Delivery of Computer Equipment		69 840
The awarding of the quote for supply and deliver of computers and printers did not follow the usual procurement process as the officials had been newly appointed. The deviation was duly authorized by the accounting officer and the council on 26 September 2011.		
Media centre		37 164
The awarding of the quote for supply and delivery of Sand and Stone for the media centre did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 26 September 2011.		
Supply and Installation of Pumps		75 240
The awarding of the quote for supply and installation of pumps for Stores did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 26 September 2011.		
Repairs to Safe Lift 1000		34 114
The awarding of the quote for repairs to the lift did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 28 June 2012.		
Refreshments		43 290
The provision of refreshments for the SALGA Games as well as a prayer day did not follow the usual procurement process. The deviation was duly authorized by the accounting officer and the council on the 31 October 2011 and 5 September respectively.		
Grant Proposal Review		192 600
The awarding of the quote for the review of the LED Strategy proposal did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 26 January 2012.		
Refuse Compactor		2,000
The awarding of the quote for the recovery of a refuse compactor did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 31 May 2012.		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013 R	2012 Restated R
Posters		1,915
The awarding of the quote for the design and printing of posters did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council. The deviation was duly authorized by the accounting officer and the council on 29 November 2011 and 28 June 2012.		
Tent Hire		4,900
The awarding of the quote for the hire of a tent did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 31 May 2012.		
Endumeni Annual Report		10,585
The awarding of the quote for the provision of files and dividers for the Endumeni Annual Report did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 26 January 2012.		
Meeting at Glencoe Hall		17,000
The awarding of the quote for the purchase of items required for a meeting at the Glencoe Hall in Sithembile did not follow the usual procurement process as this was deemed an emergency situation. The deviation was duly authorized by the accounting officer and the council on 28 June 2012.		
	<u>261,378</u>	<u>735,708</u>

44 CAPITAL COMMITMENTS

44 Commitments in respect of capital expenditure

- Approved and contracted for	13,356,962	4,670,300
Infrastructure	13,356,962	4,670,300
Community		
- Approved but not yet contracted for	28,425,548	25,073,721
Infrastructure	28,425,548	20,594,529
Community		414,192
Heritage		4,065,000
Other		
Total	<u>41,782,511</u>	<u>29,744,021</u>

This expenditure will be financed from government grants and internal funding.

44 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	3,165,859	1,969,280
In the second to fifth year inclusive	3,673,836	7,921,762
After five years	1,758,591	35,339,465
Total	<u>8,596,286</u>	<u>45,230,507</u>

Operating lease payments represent rentals payable relate to the hiring of office equipment, security systems, cleaning agents and container rentals

Operating leases - as lessor

The future minimum lease payments receivable under operating leases are as follows:

Minimum lease payments due

Within one year	279,702	311,018
In second to fifth year inclusive	889,066	889,520
After five years	1,121,014	1,376,556
Total	<u>2,289,782</u>	<u>2,577,094</u>

Operating lease payments receivable relate to rentals for the commonage, vacant land, airport hangers, buildings, advertising space and housing. Operating leases have been straightlined in accordance with GRAP requirements.

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
45 EMPLOYEE BENEFITS		
45 Defined Benefit Plans		
<i>Post-employment medical benefits</i>		
The municipality operates on 5 accredited medical aid schemes, namely Bonitas, Hosmed, Keyhealth, LA Health and SAMWU. Pensioners continue on the option they belonged to on the day of their retirement.		
The independent valuers, PricewaterhouseCoopers Actuarial and Insurance Management Solutions (PwC), carried out a statutory valuation on 30 June 2013.		
Statement of Financial Position		
The amounts recognised in the Statement of Financial Position were determined as being the present value of the obligation:		
	44 623 957	39 499 469.22
Balance at beginning of the year	39 499 469	27 500 592
Change in accounting policy (<i>Adoption of GRAP 25</i>)		7 470 876
	39 499 469	34 971 468
Current service cost	1 465 904	1 352 651
Interest cost	3 484 832	3 156 850
Benefit payments	(1 275 766)	(1 168 086)
Actuarial gains/(losses)	1 449 518	1 194 412
Actuarial gains/(losses) prior period error		(7 826)
Total	44,623,957	39,499,469
Statement of Financial Performance		
Current service cost	1,465,904	1,352,651
Interest cost	3,484,832	3,156,851
Benefit payments	(1 275 766)	(1 168 086)
Actuarial gains/(losses)	1,449,518	1,194,412
Actuarial gains/(losses) prior period error		-7,826
Total	5,124,488	4,528,002
Principal actuarial assumptions:		
Discount rate	8.90%	8.80%
How was the discount rate determined	Market yields on government bonds	
Increase in health care cost	8.10%	7.50%
Expected rates of salary increase		
Active members expected to continue after retirement	90%	95%
Average retirement age	63	63
Mortality pre-retirement	SA 85-90 light	SA 85-90 light
Pre-retirement mortality at 30 June 2013 rated down 1 year for males and females		
Mortality post-retirement		
(Allow for 1% per annum mortality improvement factor from 2010)	PA (90)	PA (90)

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
	R	Restated R
46 CONTINGENT LIABILITY		
46 PC Hechter and Others	30,000	
<p>This matter is with regard to a person who was evicted and Council had to provide alternate accommodation for her, however, the judgement did not specify whether the alternate accommodation would be for free or at a market related rental. Council then took the judgement up on appeal to get clarity on this matter and the matter is still pending.</p>		
46 Natal Joint Municipal Pension Fund (NJMPF)		
<p>The appeal court judgement ordered Endumeni to pay the legal cost of the NJMPF in the case against Council where Mr. Maltman, dismissed Manager Technical Services had allegedly received an unjustified enrichment. This matter disclosed as a contingent liability in the prior year, has now been finalised, and the municipality is liable to pay an amount of R484 019.15 in the 2013/14 financial year.</p>		
46 Section 57 managers		
<p>The contracts for the section 57 senior managers were not renewed. They are taking legal action against the municipality. The information usually required by the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds that it may prejudice the outcome of the litigation. Council is of the opinion that the claim can be successfully defended by the municipality.</p>		
47 CONTINGENT ASSET		
<p>The legal services unit of the Provincial Treasury have reviewed the Supreme Court Appeal matter between Natal Joint Municipal Pension Fund and Endumeni Municipality, and the employment contract of Mr Maltman, the previous Manager of Technical Services.</p>		
<p>The recommendation of actions to be taken on this matter is that the Accounting Officer must proceed with legal action for the recovery of the amount of R 2 574 740 plus interest at the rate of 15.5 % from 15 October 2007 to date of payment and costs of the matter.</p>		
<p>No contingent assets were identified for the year ended 30 June 2012</p>		
48 RELATED PARTIES		
Related party transactions: Councillor E Adam		
<u>Expenditure:</u>		
General expenses for the year	48,976	23,278
<p>Nature of transaction: Mr E Adam's spouse is the owner of a business that sells computer validated pre-paid tokens for the supply of electricity. A commission of 3.5% is paid monthly for providing this service. Balance outstanding at year end.</p>		
Related party transactions: Audit Committee Member: L Steenkamp		
<u>Expenditure:</u>		
General expenses for the year	-	247,265
<p>Nature of transaction: Mr Steenkamp is the owner of a business that sells computer validated pre-paid tokens for the supply of electricity. A commission of 3.5% is paid monthly for providing this service. Balance outstanding at year end.</p>		
49 EVENTS AFTER THE REPORTING DATE		
<p>Council at a meeting dated 28 June 2013 resolved to take over the Fire Services function. The service previously contracted to Rural Metro terminated on 30 June 2013. The date of transfer was 1 July 2013. Staff and assets were to be transferred over to the municipality. There financial impact of the transfer is not expected to be significant</p>		
51 RISK MANAGEMENT		
51 Maximum credit risk exposure		
<p>Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.</p>		

Endumeni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.
Financial assets exposed to credit risk at year end were as follows:

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2013 R	2012 Restated R
Cash and Cash Equivalents	42,074,798	46,731,267
Financial guarantees	164,310	104,310
Trade and other receivables	15,746,722	17,766,720
Maximum Credit Exposure	138,792,693	63,663,096

These balances represent the maximum exposure to credit risk.

51 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

51 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

52 RESTATEMENT OF COMPARATIVE INFORMATION

Rates debtors have been reclassified from receivables from exchange transactions to receivables from non exchange transactions. The effect of the restatement is summarised below:

Statement of Financial Position

Trade and other receivables from exchange transactions	-47,807,518
Trade and other receivables from exchange transactions - Provision for bad debts	43,982,917
	<u>-3,824,601</u>
Trade and other receivables from non-exchange transactions	47,807,518
Trade and other receivables from non-exchange transactions - Provision for bad debts	-43,982,917
	<u>3,824,601</u>

53 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

53. COMPARISON TO BUDGET ANNEXURE E (1)

53.1 ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

	Actual	Budget	Variance	Variance	Explanation of significant Variance
	2013	2013	2013	2013	greater than 10% versus Budget
	R	R	R	%	
REVENUE					
Revenue from exchange transactions	104 575 595	108 628 524	(4 052 929)	-4%	
Service charges	95 756 467	99 612 508	(3 856 041)	-4%	
Rental of facilities and equipment	1 286 912	1 433 784	(146 872)	-10%	
Interest earned- external investments	1 957 891	1 800 000	157 891	9%	
Interest earned- outstanding receivables	3 187	5 000	(1 813)	-36%	This amount is not material in nature or amount
Licences and permits	4 288 003	3 888 880	299 123	7%	
Other income from exchange transactions	1 283 335	1 788 352	(505 017)	-28%	Less land sales and various other sundry revenue items
Revenue from non-exchange transactions	110 945 261	109 884 439	1 060 822	1%	
Property rates	45 454 388	46 983 234	(1 528 846)	-3%	
Property rates- penalties imposed and collection charges	6 190 913	6 165 000	25 913	0%	
Fines	487 040	446 205	40 835	9%	
Government grants and subsidies	58 812 920	56 290 000	2 522 920	4%	
Total Revenue	215 520 856	218 512 963	(2 992 107)		
EXPENDITURE					
Employee related cost	66 822 733	77 756 600	(10 933 867)	-14%	Vacancies in key positions. Package structure of the MM revisited and reduced.
Remuneration of councillors	2 927 575	2 901 164	26 411	1%	
Adjustment to bad debt debts provision	9 013 383	1 360 000	7 653 383	563%	Increase in managements estimate for debtor non-payment
Adjustment to landfill site provision	1 711 872	784 666	927 206	118%	As per the engineers report
Collection costs	2 512 466	3 259 032	(746 566)	-23%	
Depreciation and amortisation expense	9 176 157	9 018 000	158 157	2%	
Amortisation	58 452	280 000	(221 548)	-79%	This amount is not material in nature or amount
Repairs and maintenance	5 593 446	6 078 703	(485 257)	-8%	
Finance cost	1 448 618	1 727 594	(278 976)	-16%	No new borrowings as budgeted for
Bulk purchases	62 805 704	64 361 903	(1 556 199)	-2%	
Contracted services	2 062 642	2 065 000	(2 358)	0%	
General expenses	38 886 845	38 363 207	523 638	1%	
Loss on disposal of assets		1 411 900	(1 411 900)	-100%	No assets disposals
(Impairment loss) / Reversal of impairment loss		600 000	(600 000)	-100%	No impairment indications
(Impairment loss) / Reversal of impairment loss inventory	73 186	30 000	43 186	144%	This amount is not material in nature or amount
Retirement and long services benefits	5 124 488	-	5 124 488	100%	As per actuary report
Total Expenditure	208 217 566	209 997 769	(1 780 203)		
NET (DEFICIT) / SURPLUS FOR THE YEAR	7 303 290	8 515 194	(1 211 904)		

ENDUMENI MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

53. COMPARISON TO BUDGET (Continued) ANNEXURE E (2)

53.2 ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

	2013 Actual R	2013 Contribution R	2013 Total Additions R	2013 Budget R	2013 Variance R	2013 Variance %	Explanation of Significant Variances Greater than 5% versus Budget
Corporate Services	1 583 716	-	1 583 716	3 058 500	(1 474 784)	-48%	Furniture and equipment not purchased.
Financial Services	89 114	-	89 114	11 000	78 114	710%	Capital funded from previous years unspent grants.
Municipal Manager	-	-	-	62 542	(62 542)	-100%	
Technical Services	22 153 522	-	22 153 522	25 110 463	(2 956 941)	-12%	Capital financed by external loans, capital replacement reserve and grants not implemented.
	23 826 352	-	23 826 352	28 242 505	(4 416 153)		

The appendix includes additions figures for Property, Plant and Equipment (note 9) and Intangible Assets (note 10) only.

Endumeni Municipality
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2013

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2012 R	Received during the period R	Accrued Interest	Redeemed / written off during the period R	Balance at 30 June 2013 R
Stock Loans							
Estcourt Municipality @ 10%	719	30/06/2013	7,200	-	-	7,200	-
Total Stock loans			7,200			7,200	
ANNUITY LOAN							
DBSA @ 17%	13268/102	31/03/2018	6,008,565	-	218,976	859,289	5,368,252
DBSA @ 17%	13268/202	31/03/2018	3,093,298	-	112,732	442,375	2,763,655
DBSA @ 17%	13268/302	31/03/2018	2,825,356	-	102,967	404,057	2,524,266
DBSA @ 6.75%	102975/01	31/03/2014	930,337	-	9,618	363,275	576,680
			12,857,556	-	444,293	2,068,996	11,232,853
Total Annuity Loans							
TOTAL EXTERNAL LOANS			12,864,756	-	444,293	2,076,196	11,232,853

Endowment Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost				Accumulated Depreciation				Accumulated Impairment				Carrying Value		
	Opening Balance	Additions	Newly identified assets	Assets under construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Impairment adjustment	Disposals	Closing Balance	R	R
Land	28,074,701					28,074,701		0		0			0	28,074,701	
Buildings	21,972,020	1,563,716				23,535,736	(10,378,189)	(744,831)		(11,123,100)			0	12,433,236	
Infrastructure - Electricity	36,888,770					36,888,770	(13,442,186)	(1,523,036)		(14,965,143)			0	21,703,827	
Infrastructure - Roads	107,550,854	19,958,882				127,510,736	(28,863,782)	(3,837,564)		(30,201,346)				96,744,946	
Assets under construction	1,839,802					1,839,802	0			0			0	1,839,802	
Infrastructure - Other	6,185,725	302,884				6,488,609	(2,171,501)	(354,241)		(2,525,742)				3,962,712	
Machinery & Equipment	11,012,187	1,415,405				12,427,592	(7,158,038)	(898,864)		(8,055,022)				4,372,567	
Furniture & Fixings	3,750,820	88,114				3,838,734	(7,010,741)	(228,051)		(7,238,802)				-3,408,946	
Computer Equipment	4,832,392	-				4,832,392		(438,544)		(438,544)			0	4,402,848	
Motor Vehicles	7,836,418	476,351				8,311,767	(4,480,598)	(1,308,116)		(5,788,702)			(162,021)	2,565,144	
Leased assets	10,468					10,468	(1,521)	(2,068)		(3,619)			0	6,869	
Housing	1,247,483					1,247,483	0	(41,583)		(41,583)			0	1,205,900	
Total Property, Plant and Equipment	229,882,168	23,878,382	-	-	-	253,760,548	(71,118,448)	(9,178,187)	0	(80,397,033)		0	(1,135,008)	171,188,998	
Intangible assets	1,396,385					1,396,385	(1,288,481)	(58,452)		(1,344,833)				51,452	
Investment Properties	11,872,000					11,872,000								11,872,000	
Total Assets	243,150,553	23,878,382	-	-	-	267,028,934	(72,404,327)	(9,236,639)	0	(81,737,535)		0	(1,135,008)	183,893,411	

Endowment Municipality
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2012

	for the year ended 30 June 2012															
	Cost				Accumulated Depreciation				Accumulated Impairment				Carrying Value			
	Opening Balance	Additions	Newly Identified assets	Assets under construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Opening Balance	Impairment adjustment			Disposals	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	26,074,701	-	-	-	-	26,074,701	-	-	-	-	-	-	-	-	26,074,701	-
Buildings	20,527,984	1,444,636	-	-	-	21,972,620	(727,081)	(727,081)	0	(10,378,180)	0	0	0	0	11,594,439	-
Infrastructure - Electricity	36,303,448	365,322	-	-	-	36,668,770	(12,337,760)	(1,104,318)	0	(13,442,108)	0	-	-	-	23,226,662	0
Infrastructure - Roads	87,896,448	1,846,501	-	20,405,887	-2,108,362	107,550,864	(24,798,714)	(2,843,808)	878,808	(28,563,762)	(568,259)	1,817	(564,442)	-	80,422,830	-
Assets under construction	10,432,040	11,833,759	-	-20,405,887	-	1,859,912	0	0	0	0	0	0	0	0	1,859,912	0
Infrastructure - Other	5,913,419	252,306	-	-	-	6,165,725	(1,784,876)	(386,822)	0	(2,171,531)	0	(74,155)	(74,155)	-	3,920,069	-
Machinery & Equipment	10,743,590	298,627	-	-	-	11,042,217	(5,988,488)	(1,188,559)	0	(7,158,090)	(2,286)	(322,377)	(324,913)	-	3,529,536	-
Furniture & Equipment	8,440,249	224,614	9,148	-	-	8,663,012	(6,730,433)	(1,280,308)	0	(7,010,741)	(754)	(8,023)	(8,777)	-	1,892,464	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	7,153,186	655,250	-	-	-	7,808,436	(3,381,824)	(508,062)	0	(4,490,586)	0	(162,821)	(162,821)	-	3,182,909	-
Motor Vehicles	-	-	-	-	-	-	(20)	(1,521)	0	(1,521)	0	0	0	0	8,987	-
Leased assets	10,468	-	-	-	-	10,468	-	-	0	-	-	-	-	-	-	-
Housing	1,247,483	-	-	-	-	1,247,483	-	0	0	0	0	0	0	0	1,247,483	-
Total Property, Plant and Equipment	214,843,888	16,417,415	9,148	-	-2,108,362	228,862,188	(84,253,128)	(7,842,188)	878,808	(71,216,446)	(688,259)	1,817	(1,138,968)	-	168,899,894	-
Intangible assets	1,366,385	-	-	-	-	1,366,385	(1,008,872)	(261,809)	0	(1,269,481)	0	0	0	0	107,904	-
Investment Properties	11,872,000	-	-	-	-	11,872,000	-	-	-	-	-	-	-	-	11,872,000	-
Investment Assets	227,812,311	16,417,415	9,148	-	-2,108,362	242,130,443	(85,262,000)	(8,123,767)	878,808	(72,504,927)	(688,259)	1,817	(1,138,968)	-	188,883,768	-

Endumeni Municipality
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation			Accumulated Depreciation			Accumulated Impairment			Carrying value R
	Opening Balance R	Additions R	Under Construction R	Disposals R	Closing Balance R	Opening Balance R	Additions R	Disposals R	Closing Balance R	
Corporate Services	44,423,614	1,583,716	-	-	46,007,330	14,387,824	1,447,837	-	15,835,661	30,170,878
Financial Services	28,813,607	89,114	-	-	28,902,721	5,808,210	359,215	-	6,168,425	22,728,967
Municipal Manager	2,147,093	-	-	-	2,147,093	438,714	281,151	-	699,865	1,447,228
Technical Services	185,854,985	22,153,522	-	-	188,008,407	51,887,451	7,136,848	-	59,004,099	127,873,319
Housing Services	891,344	-	-	-	891,344	1,828	29,657	-	31,285	860,059
Total	242,130,543	23,826,352	-	-	265,956,895	72,504,927	9,234,608	-	81,739,535	183,081,452

The appendix includes figures for Property, Plant and Equipment (note 9), Intangible Assets (note 10) and Investment Properties (note 11).

Endumeni Municipality
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013

2,012		2,012		2,013		2,013	
Actual Income		Actual Expenditure		Actual Income		Actual Expenditure	
R		R		R		R	
5,383,293		26,117,168	-20,733,875	5,204,534		26,491,363	-21,286,829
67,885,855	Corporate Services	32,830,044	35,055,812	57,649,991	Financial Services	29,785,716	27,864,275
24,084,781	Municipal Manager	12,203,229	11,881,552	30,595,270	Municipal Manager	17,684,860	12,910,410
89,458,772	Technical Services	109,492,538	-20,033,766	122,071,061	Technical Services	134,255,627	-12,184,566
186,812,701	Total	180,642,979	6,169,723	215,520,856	Total	208,217,566	7,303,290

The inter-departmental charges have been allocated per segment for the current and prior years.